

Payroll Conference Speech
September 10, 2004

Good Morning! Thank you for choosing to attend this presentation.

How many of you remember the game show “Let’s Make a Deal?”
Alright!

Remember the end of the show, the big winner got to make a deal and trade whatever for what was behind Door #1, #2, or #3?

When I looked at the choices for today’s agenda, I felt kind of bad that the topic of my presentation wasn’t more exciting. So thank you for choosing Door # 2! My goal is to have you feel like you got a good deal....

So what is behind Door #2?

We are going to look at HR now, and into the future of HR, both at our state, and in general. And then we will look at how each of us, as individuals, can keep up with the changes and enjoy the journey!

It seems that we are all under fairly constant pressure to deal with change. We all work in the public sector, so we have politicians setting the broad agendas. Technology continues to expand the possibilities and automate more processes. So, how do we stay ahead of the game and on our toes, ready to change and enjoy it? I am going to share some great insights on how you can develop your personal leadership style, and use that to continue to build your value to your organization.

All that behind Door #2! Although there are not handouts, I will have a copy of this presentation on the DHR website next week. And if you have burning questions, and want to interrupt my presentation, go right ahead. You might have to wave your arm, because I am pretty near-sighted!

HR – what are the issues today?

One of the first issues is that we are part of a generation gap. And as long as we stay alert, we should be ok. Each year at this conference, we visit a fun topic. It's a list that Beloit College put together to help their faculty avoid "hardening of the references," when they communicate with new students and staff.

As HR staff, we also need to understand that a generation gap is not just about values, it is also about what people know about their culture and what has always been a part of their world.

Most kids entering college this fall or entering the workforce were born in 1986, the year of the Challenger Disaster. Here's some other things they have in common, (and those of us who remember Let's Make A Deal don't)

- Desi Arnez, Orson Welles, Roy Orbison, Ted Bundy, Cary Grant and the Ayatollah Khomeini – have always been dead.
- There have never been any PlayBoy Clubs.
- Yugoslavia has never existed.
- Rogaine has always been available to prevent balding.
- They never saw Roseanne Roseannadanna on Saturday Night Live.
- Network television has always struggled to keep up with cable.
- Toll-free 800 numbers have always spelled out catchy phrases.
- Oprah has always dominated afternoon TV and they don't have a clue about a guy named Phil Donohue.
- They are the first generation to be born into Luvs, Huggies, or Pampers.
- John Lennon and John Belushi have always been dead.
- They never have needed a prescription to buy Motrin.
- They never heard anyone say "Book 'em Dano, "Good-night John Boy" or "Kiss my Grits" on prime time TV.
- They probably have never dialed a phone.
- And they never hear Walter Cronkite, suggest that "That's The Way it is."

Whoa....that made me feel like "Such a MOM!"

The list just helps us remember that just because something is important or real to us, others may not see it the same way. Programs like PERSI or Deferred Comp may be very important to those of us who are mature, and can envision a happy retirement someday --- but those programs don't mean much to someone who is 20-something, still invincible, and pretty much has their whole career ahead of them. Public Service was a career calling to many of us, where to the younger generations, any job is just one of many stints in their ever-evolving careers.

What are the issues at our State HR Office?

- Constant pressure to improve
- New rules, participatory process
- Unions and Employee Associations competing for roles, credit, and members – win-lose mentality key to their strategy
- CEC Report date changes to December 1st, new inclusion of benefits survey too. Employees need salary increases, while health insurance and retirement programs demand increases.
- Legislature request for special reports;
 - Problem Solving (grievance) process
 - Performance Management system
 - CEC and 1% distribution and methodology
- Benefits statement preparation
- On-line testing, including timed tests
- Improved quality of screening, on-line tests for clerical
- SME work via on-line at their option, at their desk
- On-line training registration and management system
- Development of leadership training for technical experts
- Fair Labor Standards Act –new regs, who is covered and not
- Holiday Time off – flex or extended schedules result in problems for equity and problems for agencies
- Military Call-Ups and Veterans issues, preference in hiring, USERRA
- Wide variations for customer service and guiding principles from agencies. Higher education wanting a tailored system.
- Requests for new or different systems, including outsourcing.
- Currently in pilot project for ISP trooper recruitment with private firm
- Business Intelligence Project – with SCO.

If your days are like mine, and we deal with all these different issues coming at us, no wonder we are tired!

One of the big topics in HR nationwide is “outsourcing.”

Let’s take a few minutes and talk about this big elephant – OUTSOURCING. Basically, outsourcing is the term used to describe that an organization takes something it currently does in house, and contracts with an outside company to provide that service.

The state of Idaho currently outsources some of our HR related services? Can you name them?

1. EAP
2. Deferred Compensation – PEBSCO
3. Health Insurance Benefit Administration

Why the movement toward Human Resources Outsourcing?

Trends described as the Perfect Storm –

- increasing complexity of benefits programs
- skyrocketing penalties for non-compliance
- shrinking in-house administrative resources
- growth in the companies wanting HRO business
- allows organization to focus on core mission

The President of the SHRM wrote about this phenomenon in the September journal. She called Outsourcing a challenge and an opportunity.

HR outsourcing –moving one or more HR functions to an outside service provider isn't really all that new. 6 out of 10 organizations have been doing this for a long time. But the trend is growing, and vendors are taking on a broader range of services. Outsourcing the day-to-day transactional tasks of HR and Payroll frees up time to address more strategically oriented activities. By 2005, 85% of US companies will outsource at least one HR function.

But we know that the prospect of extensive outsourcing causes a little, ok, a lot of anxiety. Is the goal to reduce the size of the HR staff? Are layoffs in our future? Not today, but the future is uncertain. What we need to remember is that talent is always a valuable commodity. The SHRM president states:

“AS the HR outsourcing trend continues, service providers are going to need HR expertise. Practitioners experienced in the transactional aspects of HR may find new opportunities with vendors that handle the administrative tasks for multiple employers. And switching to an organization where HR is the primary business can create a number of fast-track career opportunities for seasoned HR professionals. ...

No matter how pervasive HR outsourcing becomes, skilled HR professionals – at all levels—will always be in demand.”

The big story in state government HR is FLORIDA... What the heck is actually going on down there? Well, there is Hurricane Charley, Hurricane Frances, and maybe Hurricane Ivan. But there is another hurricane, the slow moving storm of the giant outsourcing of HR. As a state HR executive, my fellow personnel directors and I are very interested and have been following the development and progress of this huge effort.

In a nutshell, Florida had an old, unreliable mainframe HR system that occasionally skipped paying some people, and would cost \$90 million to replace. They have 118,000 workers in 28 state agencies. The state signed a 7 year contract for \$293 million dollars. – With a cost avoidance of \$90M right away because they won't have to buy a new system, and save eventually \$173M over the life of the contract.

To put this in perspective, the SCO asked for about \$800,000 to fund a new system this year, and our state couldn't afford it. Politics behind this huge outsourcing are incredible. The contractor will give an optimistic description. An HR insider may say that the project was too big, too aggressive, and was shoved

at the very people who had the expertise to make it work. What's the truth? Probably somewhere in the middle. The project has had many delays that also added costs. Employee workloads went up because they were running duplicate or dual systems. And Florida's contracting process needed to be reformed. Their Governor has established a new effort to reform the way Florida does contracting. But here's the most interesting thing I have read yet. The new executive in charge of management services and this project in Florida comes from the private sector. He believes that state government is ultimately obligated to deliver services in the most effective and efficient manner. Instead of outsourcing as a concept, look at what is the best, most efficient way to run any particular state function. The best way may be to keep it internal. There are still many lessons to learn from Florida's project.

So do we prepare for the tidal wave of outsourcing pressures? Or count on the private sector to want and need our expertise?

Ok, this sounds like it's easy to say....but anxiety still is high. What can we do? Job security is important to all of us!

Here are two important tips.... CHEESE and FISH.
That just sounds gross... unless maybe a McDonald's Fish Filet Sandwich. No, too much fat and carbs. Forget it. But ...

Cheese.

The concepts in the book "Who Moved My Cheese?"
(a story about change. It happens, we deal or don't) is one that we all should read and perhaps revisit.

FISH.

This video and related books describe the concepts behind success in the workplace and more. I encourage you to use these to make your customer service outstanding.

Play

Make Their Day

Be There

Choose Your Attitude

We all need to motivate ourselves to make dealing with change just part of our adventure in life. Here's some tips.

We all have to define our own priorities.

Attitude is everything. You are in charge.

Let go of old baggage. The good old days really weren't all that cool/perfect.

Remember those green EIS forms and the red ink?

Replace worry with hope.

Take care of yourself – physically, emotionally, spiritually.

Don't be afraid to try new things. You miss 100% of the shots you don't take. I want you to know each of you has tremendous talent and potential to continue to improve the future of HR. I want to leave you with some advice from Stephen Covey, "Live out your imagination, not your history."

Thanks, and best wishes for a great conference.